

## ***The Living Wage Foundation's 'good jobs in retail' project***



Between July 2015 and July 2016, the Living Wage Foundation embarked on a project that sought to disprove the assumption that jobs in retail are inevitably 'bad' – low paid, insecure, with too few opportunities to train and progress.

We worked with Living Wage employers and major non-Living Wage employers including EE and Hobbs to understand the issues facing the retail sector and test operational strategies that support higher paid, higher skilled jobs, with support from KPMG, IKEA, BrewDog, Oliver Bonas and Paperchase.

This short summary provides an overview of what we did.

### ***What we did***

We engaged with a wide range of retailers and interviewed retailers to understand the challenges they face and the scope for change.

We then examined the choices that enable Living Wage employers and some of the world's most successful retailers to deliver low prices and excellent customer service, underpinned by a skilled workforce with decent pay, opportunities to progress, and stable, predictable schedules.

We used this evidence to develop a set of innovative workplace interventions, with a view to understanding how to support more employers in retail to raise pay and improve job security for staff, while also improving the bottom line. The project led to reductions in staff workload, improvements in training, and an increase in guaranteed hours for staff.

### **CASE STUDY 1:**

#### ***Improving training at Hobbs***

Between 2015 and 2016 the Living Wage Foundation worked with the women's clothes retailer Hobbs to develop a tailored strategy to raise staff pay and performance.

We interviewed staff at head office and in selected stores to identify the specific context at Hobbs and the scope for improvements. Underemployment emerged as a key issue alongside pay, with many sales staff leaving to find full time work. Data showed that the shorter the contract, the higher the likelihood staff would leave.

Staff turnover was driving high spending on recruitment, uniform and induction. As well as these direct costs, the interviews suggested that understaffing due to unfilled vacancies, the loss of skills and knowledge when staff leave, and lower productivity while new employees get up to standard were also affecting the consistency of customer service across stores.

Store managers felt that scheduling staff around consumer traffic made it hard to build in time for training and development, which in turn limited their ability to deploy staff flexibly in an unexpected quiet period or increase in back-office workload.

We brought together key parties for a workshop to discuss these findings and design a set of pilots to test a different approach. Across nine stores, Hobbs is trialling a combination of increased contracted hours to tackle underemployment and reduce staff turnover, and weekly paid training hours to improve customer service, productivity and operational efficiency.

The work is still in the early phases, but in the longer term Hobbs hope that the changes will enable staff to take on more responsibility and work more flexibly across back office and customer-facing tasks, leading to flatter team structures that support higher rates of pay.

## CASE STUDY 2: *Tackling underemployment at EE*

EE, part of the BT Group, has the biggest mobile network in Britain, with around 550 retail stores, and more than 30 million connections including 14 million 4G customers. EE operates within a highly competitive industry, which is undergoing rapid change and facing increasing customer expectations. To differentiate themselves, the company has sought to improve customer service by investing in staff skills, retention and engagement.

One of the barriers to achieving these goals are the high staff turnover rates among EE's retail workforce. In mid 2015 over 60 per cent of employees working less than 25 hours a week were leaving within the first 12 months of joining. The extensive use of short hour contracts was regarded to be the main driver of high staff turnover. Short-hour contracts affect staff motivation and loyalty. Staff do not receive the number of hours they want, which then impacts on their pay, and creates instability in their life outside work.

The negative impacts of high staff turnover include the cost of changing staff; understaffing; recruitment costs; and the loss of knowledge and skills. EE also found that staff became more productive the longer they stayed, meaning that high turnover was also hitting productivity levels in stores.

*“We know that people who have been here for 6 months are not as productive as those who have been here for 9 months who are not as productive as those who have been here for 12 months. If you never get to 6, 9 or 12 months then you never reach that level of productivity.”*

David Shears, Reward Partner, EE

High attrition rates and the use of short hours' contracts also has an impact on training and staff development. Understaffing means the rest of the staff are more stretched and store management have less time to train and coach.

EE has implemented a number of programmes to tackle high attrition and deliver on its vision to be the number one for customer service on the high street.

- **Recruiting the right people:** EE has overhauled its recruitment process for stores across all regions.
- **Induction and training of new starters:** EE has introduced a new three-week induction and buddy process for all new starters; scrapping the probationary rate of pay; and introducing a softer launch into targets.
- **Tackling short term hours:** EE introduced a new contract minimum of 25 hours for new retail employees and offered all retail staff who wanted it an uplift in their basic working hours.
- **Rewarding good service and a new focus on value:** Introduced new targets to incentivise a focus on value and customer service.

*“The main benefit is that if we uplift people’s hours – we’ve done a lot up to 35 hours rather than the 25, it gives the people that f stability. EE wants to look after them, they’ll stay, get the stability, they can have a career. They can get a mortgage and they’re happier. Normally a happier workforce delivers more.”*

David Botfield, Resource & Capacity Planning Manager, EE

Overall 650 employees from 330 stores have chosen to increase their working week by an average of 9.2 hours – translating to about £4,500 more per year. After six months, the rate of employee attrition among this group was 25% lower than the rest of the retail population. EE also expects to see improvements in customer service and store performance as its workforce becomes more stable and experienced.

*“I can already see it’s a success. [The staff are] more motivated. People who are working on 25 hours, they’re stretching themselves. I can see from when I announced it... Two [people] already massively exceeded their targets. I can just see that change has massively helped the store. Previously they were on contracts less than 25 hours.”*

Suleman, Store Manager, EE

*I’ve just gone up from 25 to 32. I’ve always done over that anyway with overtime. But it’s a lot more security financially.*

Richard, Sales Assistant, EE store

*“People on more hours are more knowledgeable, they can do a lot more in regard to systems, we spend more time with each other that means that we bond a bit more, we know how to behave with each other. You get to know each other and work as a team. If people come and go all the time like part-timers, you can’t connect with them in a sales environment.”*

James, Senior Sales Assistant, EE store

## Conclusion

The retail sector is facing heavy pressure from low cost entrants, the rise of online retailing and a sharp decline in customer footfall. More and more retailers are realising that this makes it increasingly important to give people a reason to visit stores and drive high conversion rates once people are in the store by improving standards of service.

These businesses know that problems of high staff turnover, low motivation and inefficiency in stores are a real barrier to being able to compete in this environment, and that those best placed to succeed will be those that put the customer-staff relationship at the heart of their business model.

For more information check out our practical how-to guide on how to create good jobs in retail – Good Jobs in Retail: a Toolkit, available to [download](#) from our website – or contact us to find out how we can help you to implement a Good Jobs Strategy in your business.

<http://www.livingwage.org.uk/contact>  
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